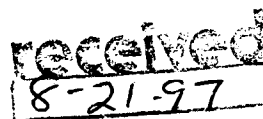




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VHB

Department of the Interior
Minerals Management Service
381 Elden Street
MS 4700
Herndon, VA 20170-4817

Date: August 18, 1997

Subject: **ARCO** Comments on the Proposed Rule:
Oil Spill Financial Responsibility for Offshore Facilities
(62 *Federal Register* 14052 [March 25, 1997])

Dear Sirs:

The Atlantic Richfield Company (**ARCO**) appreciates the opportunity to provide comments to the Minerals Management Service (MMS) on the *Oil Spill Financial Responsibility for Offshore Facilities* proposed at 62 *Federal Register* 14052, as cited above. ARCO is an integrated petroleum company with a variety of domestic exploration and production activities which may now be included in these significantly expanded and administratively demanding regulations. We broadly endorse the thoughtful and numerous comments and recommendations provided in a separate submittal by the American Petroleum Institute (API) as well as the specific comments provided by Vastar Resources, Inc..

Consistent with the broader industry comments and contrary to the assertions in the proposal, we believe that the administrative requirements of this proposal are significantly greater than presented. This is particularly problematic for large companies with a substantial number of business units, divisions, subsidiaries and operating companies since the "corporate" balance sheet is likely to be used for self-insurance certifications. As proposed, the regulation will require each operating unit to submit lease/operator revisions based upon business activities that will, in turn, require updated corporate revisions. These irregular, but frequent revisions have the potential to make this reporting responsibility nearly a monthly process! We believe that the solution to this problem is a revision that simply requires updating **only** when a facility is acquired that requires a financial responsibility limit equal to or greater than the designated applicant's maximum financial demonstration of record.

Finally, we strongly encourage the MMS to use financial/accounting terminology consistent with the definitions understood within the professional community. Similarly, we encourage the MMS to simplify this proposal by requiring **only**

those financial data which are routinely reported in various existing formats (e.g., 10-k, audited annual reports). This, in fact, is the standard for **all** other State and Federal environmental financial responsibility reporting requirements with which we are familiar (e.g., RCRA TSDs, USTs, etc). Requesting data that are otherwise not calculated for these conventional financial reports is unnecessarily burdensome.

ARCO appreciates your attention to these comments and encourages the MMS to consider the API and Vastar recommendations prior to revising and finalizing the proposal.

Cordially,

A handwritten signature in cursive script, reading "Eugene R. Mancini".

Eugene R. Mancini